



**SMB UNITED LIMITED**  
Co. Reg. No. 199506364D

First Quarter Financial Statement for the Period Ended March 31, 2011

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF YEAR AND FULL YEAR RESULTS**

1 (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
Period ended March 31, 2011

	Group		
	First Quarter		Change %
	Mar 31, 2011 \$'000	Mar 31, 2010 \$'000	
<b>Revenue</b>	58,976	46,688	26.3
<b>Cost of sales</b>	<u>(41,678)</u>	<u>(31,719)</u>	31.4
<b>Gross profit</b>	17,298	14,969	15.6
Other operating income	391	506	(22.7)
Selling expenses	(1,044)	(678)	54.0
General and administrative expenses	(10,407)	(8,714)	19.4
Other operating expenses	(894)	(918)	(2.6)
Other (losses) and gains	(796)	37	NM
Share of losses of associates	(188)	(89)	111.2
Share of losses of joint venture	(8)	(48)	(83.3)
Finance cost	<u>(156)</u>	<u>(105)</u>	48.6
<b>Profit before income tax</b>	4,196	4,960	(15.4)
Income tax expense	<u>(1,039)</u>	<u>(1,072)</u>	(3.1)
<b>Profit for the period</b>	<u><b>3,157</b></u>	<u><b>3,888</b></u>	(18.8)
<b>Other comprehensive income:</b>			
Exchange differences arising on translating foreign operations	(179)	810	NM
Available-for-sale financial assets:	<u>-</u>	<u>(38)</u>	NM
<b>Other comprehensive income for the period, net of tax</b>	<u>(179)</u>	<u>772</u>	(123.2)
<b>Total comprehensive income for the period</b>	<u><b>2,978</b></u>	<u><b>4,660</b></u>	(36.1)
<b>Profit attributable to:</b>			
Owners of the company	2,119	2,661	(20.4)
Non-controlling interests	<u>1,038</u>	<u>1,227</u>	(15.4)
	<u><b>3,157</b></u>	<u><b>3,888</b></u>	(18.8)
<b>Total comprehensive income attributable to:</b>			
Owners of the company	1,994	3,370	(40.8)
Non-controlling interests	<u>984</u>	<u>1,290</u>	(23.7)
	<u><b>2,978</b></u>	<u><b>4,660</b></u>	(36.1)

Profit for the period is arrived at after charging/(crediting) the following:

	Group	
	First Quarter	
	Mar 31, 2011 \$'000	Mar 31, 2010 \$'000
Allowance for (Reversal of allowance):		
Doubtful trade receivables	-	37
Doubtful non-trade receivables	-	37
Foreseeable losses on contracts	3	-
Amortisation of intangible assets	4	-
Amount written off (recovered) :		
Receivables	(10)	(9)
Inventories	63	-
Depreciation of property, plant and equipment	1,032	899
Depreciation of assets on lease	26	14
Loss (Gain) on disposal of property, plant and equipment	5	(4)
Gain on disposal of available-for-sale investments	-	(47)
Reclassification to profit or loss from equity on disposal of available-for-sale investment	-	(44)
Changes in fair value of financial derivative instruments	(112)	-
Interest income	(83)	(22)
Net foreign exchange loss	903	58
Research costs	893	853
Share option expense	49	50
Over provision of income tax expense in prior years	(58)	(80)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**STATEMENTS OF FINANCIAL POSITION**

**March 31, 2011**

	<b>Group</b>		<b>Company</b>	
	<b>Mar 31,</b>	<b>Dec 31,</b>	<b>Mar 31,</b>	<b>Dec 31,</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	61,508	62,122	19,018	10,554
Trade receivables	75,689	75,454	-	-
Other receivables and prepayments	5,512	4,333	8,142	11,887
Inventories	61,030	50,211	-	-
Contract work-in-progress	2,653	2,390	-	-
<b>Total current assets</b>	<b>206,392</b>	<b>194,510</b>	<b>27,160</b>	<b>22,441</b>
<b>Non-current assets</b>				
Property, plant and equipment	38,892	38,592	698	509
Assets on lease	258	269	-	-
Subsidiaries	-	-	85,268	74,293
Associates	1,301	1,489	-	-
Joint ventures	449	463	-	-
Available-for-sale investments	75	75	75	75
Long term trade receivables	1,009	1,009	-	-
Intangible assets	6,311	6,311	-	-
Deferred tax assets	1,844	1,754	-	-
<b>Total non-current assets</b>	<b>50,139</b>	<b>49,962</b>	<b>86,041</b>	<b>74,877</b>
<b>Total assets</b>	<b>256,531</b>	<b>244,472</b>	<b>113,201</b>	<b>97,318</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank borrowings	17,021	10,530	3,138	-
Trade payables	40,030	32,393	-	-
Other payables	13,066	14,072	14,879	2,220
Contract work-in-progress	1,426	1,209	-	-
Current portion of finance leases	442	456	92	94
Income tax payable	5,324	4,834	-	165
<b>Total current liabilities</b>	<b>77,309</b>	<b>63,494</b>	<b>18,109</b>	<b>2,479</b>
<b>Non-current liabilities</b>				
Other payables	1,222	1,222	-	-
Finance leases	835	498	123	-
Long-term loans	5,422	5,529	-	-
Deferred tax liabilities	2,001	2,001	5	5
Financial guarantee contracts	-	-	307	319
<b>Total non-current liabilities</b>	<b>9,480</b>	<b>9,250</b>	<b>435</b>	<b>324</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	75,113	75,113	75,113	75,113
Reserves	68,166	66,862	19,544	19,402
<b>Equity attributable to owners of the company</b>	<b>143,279</b>	<b>141,975</b>	<b>94,657</b>	<b>94,515</b>
<b>Non-controlling interests</b>	<b>26,463</b>	<b>29,753</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>169,742</b>	<b>171,728</b>	<b>94,657</b>	<b>94,515</b>
<b>Total liabilities and equity</b>	<b>256,531</b>	<b>244,472</b>	<b>113,201</b>	<b>97,318</b>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

March 31, 2011		December 31, 2010	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
8,610	8,853	7,003	3,983

Amount repayable after one year

March 31, 2011		December 31, 2010	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,758	4,499	1,494	4,533

Details of any collateral

Certain land and buildings, investment property and motor vehicles from the Group with a net book value of \$9,486,000 (FY2010: \$9,323,000) and cash and fixed deposits amounting to \$595,000 (FY2010: \$590,000) are pledged to financial institutions to obtain bank loans and credit facilities.

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Period ended March 31, 2011**

	<b>Group</b>	
	<b>First Quarter</b>	
	<b>Mar 31,</b>	<b>Mar 31,</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Profit before income tax	4,196	4,960
Adjustments for:		
Share of losses of associates	188	89
Share of losses of joint venture	8	48
Amortisation of intangible assets	4	-
Depreciation of property, plant and equipment	1,032	899
Depreciation of assets on lease	26	14
Interest expense	156	105
Allowance for doubtful trade receivables	-	37
Reversal of doubtful non-trade receivables	-	37
Allowance for foreseeable losses on contracts	3	-
Loss (Gain) on disposal of property, plant and equipment	5	(4)
Interest income	(83)	(22)
Gain on disposal of available-for-sale investments	-	(47)
Reclassification to profit or loss from equity on disposal of available-for-sale investment	-	(44)
Changes in fair value of financial derivative instruments	(112)	-
Share option expense	49	50
Operating cash flows before movements in working capital	5,472	6,122
Trade receivables	(235)	2,723
Other receivables and prepayments	(1,154)	(635)
Inventories	(10,819)	(5,977)
Contract work-in-progress	(49)	749
Trade payables	7,637	(3,072)
Other payables	(894)	(1,510)
Cash generated from operations	(42)	(1,600)
Income tax paid	(667)	(692)
Interest paid	(156)	(105)
Net cash used in operating activities	(865)	(2,397)
<b>Investing activities</b>		
Interest received	83	22
Purchase of property, plant and equipment (Note A)	(1,016)	(934)
Proceeds on disposal of property, plant and equipment	106	5
Acquisition of investment in joint venture	-	(250)
Proceeds on disposal of available-for-sale investments	-	576
Expenditure on product development	(32)	(5)
Net cash used in investing activities	(859)	(586)

	<b>Group</b>	
	<b>First Quarter</b>	
	<b>Mar 31, 2011 \$'000</b>	<b>Mar 31, 2010 \$'000</b>
<b>Financing activities</b>		
Repayment of finance leases	(182)	(30)
Repayment of bank loans	(106)	(99)
New bank loan raised	4,180	1,000
Net proceeds from trust receipts and banker's acceptance	1,935	359
Increase in cash deposits pledged to bank	(5)	(17)
Acquisition of equity in a subsidiary from non-controlling interests	(5,013)	-
Proceeds from exercise of employee share options of a subsidiary	-	65
Net cash from financing activities	<u>809</u>	<u>1,278</u>
Net decrease in cash and cash equivalents	(915)	(1,705)
Cash and cash equivalents at beginning of the period	58,455	57,426
Effect of foreign exchange rate changes	(79)	147
<b>Cash and cash equivalents at end of the period</b>	<u><u>57,461</u></u>	<u><u>55,868</u></u>
Cash and cash equivalents consist of:		
Cash at bank	55,632	45,113
Fixed deposits	5,281	13,222
Bank overdrafts	(3,452)	(2,467)
	<u><u>57,461</u></u>	<u><u>55,868</u></u>

**Notes to Consolidated Statement of Cash Flows**

- A. During the financial period ended March 31, 2011, the group acquired property, plant and equipment with an aggregate cost of \$1,521,000 (3 months 2010 : \$1,007,000) of which \$505,000 (3 months 2010 : \$73,000) was acquired under finance lease agreement. Cash payments of \$1,016,000 (3 months 2010 : \$934,000) was made to purchase property, plant and equipment.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**STATEMENTS OF CHANGES IN EQUITY**

**Period ended March 31, 2011**

	Share capital \$'000	Share option reserve \$'000	Other capital reserve \$'000	Investment revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Attributable to owners of the company \$'000	Non- controlling interests \$'000	Total \$'000
<b>Group</b>									
<b>Balance at January 1, 2011</b>	75,113	648	(71)	(42)	(669)	66,996	141,975	29,753	171,728
Total comprehensive income for the period	-	-	-	-	(125)	2,119	1,994	984	2,978
Recognition of share-based payments	-	29	-	-	-	-	29	20	49
Effects of acquiring part of non-controlling interests in subsidiaries	-	-	(719)	-	-	-	(719)	(4,294)	(5,013)
<b>Balance at March 31, 2011</b>	<b>75,113</b>	<b>677</b>	<b>(790)</b>	<b>(42)</b>	<b>(794)</b>	<b>69,115</b>	<b>143,279</b>	<b>26,463</b>	<b>169,742</b>
<b>Balance at January 1, 2010</b>	75,113	532	-	(35)	(990)	60,874	135,494	24,554	160,048
Total comprehensive income for the period	-	-	-	(18)	727	2,661	3,370	1,290	4,660
Recognition of share-based payments	-	29	-	-	-	-	29	21	50
Exercise of a subsidiary's employee share options	-	-	(37)	-	-	-	(37)	102	65
<b>Balance at March 31, 2010</b>	<b>75,113</b>	<b>561</b>	<b>(37)</b>	<b>(53)</b>	<b>(263)</b>	<b>63,535</b>	<b>138,856</b>	<b>25,967</b>	<b>164,823</b>

	Share capital \$'000	Investment revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Company</b>				
<b>Balance at January 1, 2011</b>	75,113	(42)	19,444	94,515
Total comprehensive income for the period	-	-	142	142
<b>Balance at March 31, 2011</b>	<u>75,113</u>	<u>(42)</u>	<u>19,586</u>	<u>94,657</u>
<b>Balance at January 1, 2010</b>	75,113	(60)	13,991	89,044
Total comprehensive income for the period	-	7	352	359
<b>Balance at March 31, 2010</b>	<u>75,113</u>	<u>(53)</u>	<u>14,343</u>	<u>89,403</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

None.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The number of ordinary shares issued as at March 31, 2011 is 479,751,999 (FY 2010: 479,751,999).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited and have not been reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computations in the financial statements for the current financial period compared with those of the audited financial statements as at December 31, 2010.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of the new/revised FRS does not have a material impact on the Group and Company.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	First Quarter	
	Mar 31, 2011	Mar 31, 2010
Basic earnings per share based on the weighted average number of ordinary shares in issue (cents)	0.44	0.55
On a fully diluted basis (cents)	0.44	0.55

Basic earnings per share is computed based on the weighted average number of ordinary shares of 479,751,999 (1Q2010: 479,751,999).

Diluted earnings per share is computed based on the weighted average number of ordinary shares of 479,751,999 (1Q2010: 479,751,999).

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	Mar 31, 2011	Dec 31, 2010	Mar 31, 2011	Dec 31, 2010
	Net asset value per ordinary share based on issued share capital at the end of the period (cents)	29.9	29.6	19.7

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group registered a turnover of \$59.0 million in 1Q2011, representing an increase of 26.3% from the previous corresponding financial period. While most of our divisions recorded an improvement in turnover, the profit margins of projects and deliveries completed during this period were lower as compared to the previous period due to different product mix sales as well as more competitively priced Switchgear projects.

Selling expenses increased by \$0.4 million mainly due to higher overseas marketing expenses and an increase in travelling cost during this period.

General and administrative expenses increased by 19.4% to \$10.4 million as a result of much higher headcount from new overseas subsidiaries as we seek to expand our production capacity.

Other losses of \$796,000 was incurred mainly due to foreign exchange losses as a result of the depreciation of the New Zealand dollar and the United States dollar.

Share of losses of associates increased by \$0.1 million as an associate had made provisions for doubtful debts and stock obsolescence.

Overall, profit attributable to shareholders reduced by 20.4% to \$2.1 million in 1Q2011 and this was largely due to unfavourable exchange rate movements as mentioned above.

Group balance sheet and cash flow statement- explanation of significant variances

Inventories increased by \$10.8 million to \$61.0 million. This was due to raw materials being built up for production in anticipation of orders to be fulfilled in the coming months. The purchase of these raw materials resulted in an increase in our trade payables by \$7.6 million to \$40.0 million.

The Group's bank borrowings increased by \$6.7 million of which \$3.1 million is utilised to fund the acquisition of additional equity in our listed subsidiary, EDM Limited.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There were no forecast or prospect statement previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Based on BCA's forecast of total construction demand for both private and public sectors in Singapore that was released on Jan 12, 2011, total construction demand for 2011 is projected to be between \$22 billion and \$28 billion. This forecast is in line with the 2010 construction demand of \$25.7 billion and provides a neutral outlook for the various divisions under the Group. However, the industry as a whole faces challenges of volatile raw material prices as well as rising labour costs. The Group will be placing greater emphasis on prudent cost management in order to keep costs in check and to promote productivity and resource optimisation.

The Group's overseas operations remain challenging and competitive, while continuing to be subjected to the volatile and unpredictable foreign exchange fluctuations and geo-political uncertainties. Nevertheless, the Group will forge ahead with the exploration of new overseas markets for its products and services.

**11. Dividend**

**(a) Current financial period reported on**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date Payable**

Not applicable

**(d) Book Closure Date**

Not applicable

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable

**BY ORDER OF THE BOARD**

Toh Kian Poh

Company Secretary

May 12, 2011

**13. CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the 1Q2011 financial results to be false or misleading.

On behalf of the Board of Directors

Lee Phuan Weng  
Director

Goh Ban Kin  
Director

May 12, 2011